



**EXPEDITED RULE MAKING
(RCW 34.05.353)**

**CR-105 (11/1/01)
EXPEDITED RULE MAKING ONLY**

Agency: Insurance Commissioner

(a) Title of rule: Automobile claims, repairs, and total loss settlements.

Purpose: This rule-making intends to correct a provision in the recently adopted rules regarding automobile claims, repairs, and total loss settlements.

Other identifying information: Insurance Commissioner Matter No. R 2003-07

(b) Statutory authority for adoption: RCW 48.02.060, 48.30.010 Statute being implemented: RCW 48.02.060, 48.30.010

(c) Summary: The time-frame in WAC 248-30-3912 (3)(b) is changed from thirty-five days to three days to limit possible administrative costs.

Reasons supporting proposal: The change will make the regulation easier and more cost-effective to administer. Insureds receive the same protections but can't reopen a file without fulfilling their own duties.

| (d) Name of Agency Personnel Responsible | Office Location | Telephone |
|--|-----------------------|--------------|
| 1. Drafting..... Jon Hedegard | PO Box 40255, Olympia | 360-725-7039 |
| 2. Implementation.... Scott Jarvis | PO Box 40255, Olympia | 360-725-7262 |
| 3. Enforcement..... Scott Jarvis | PO Box 40255, Olympia | 360-725-7262 |

(e) Name of proponent (person or organization):
Mike Kreidler, Insurance Commissioner

☐ Private
☐ Public
☒ Governmental

(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters:
None

(g) Is rule necessary because of:

| | | | |
|-------------------------|------------------------------|--|-----------------------------|
| Federal Law? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | If yes, ATTACH COPY OF TEXT |
| Federal Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | Citation: |
| State Court Decision? | <input type="checkbox"/> Yes | <input checked="" type="checkbox"/> No | |

NOTICE

THIS RULE IS BEING PROPOSED UNDER AN EXPEDITED RULE-MAKING PROCESS THAT WILL ELIMINATE THE NEED FOR THE AGENCY TO HOLD PUBLIC HEARINGS, PREPARE A SMALL BUSINESS ECONOMIC IMPACT STATEMENT, OR PROVIDE RESPONSES TO THE CRITERIA FOR A SIGNIFICANT LEGISLATIVE RULE. IF YOU OBJECT TO THIS USE OF THE EXPEDITED RULE-MAKING PROCESS, YOU MUST EXPRESS YOUR OBJECTIONS IN WRITING AND THEY MUST BE SENT TO

Name: Kacy Scott

Agency: Insurance Commissioner

Address: PO Box 40255, Olympia, WA 98504-0255

Email: Kacys@oic.wa.gov

Fax: 360-586-3109

CODE REVISER USE ONLY

AND RECEIVED BY December 2, 2003

NAME (TYPE OR PRINT)

Mike Kreidler

SIGNATURE

TITLE

Insurance Commissioner

DATE

10/1/03

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects:

The Recent Rulemaking

The OIC recently completed a major overhaul of the regulation of practices regarding automobile claims, repairs, and total loss settlements. The new regulation should be clearer and easier to understand and administer. One component in that rule-making was the “right of recourse.” The OIC had received complaints from insureds who tried to replace their vehicle and found that their settlement amount was inadequate. The newly adopted regulation addressed that issue in two ways. First, the processes to determine if a vehicle is comparable were tightened up. Second, an insured who can’t find a comparable replacement for the amount can notify the insurer and have the file “reopened.” An insurer is not required to open the file if they provided notice of a specific, comparable vehicle available for the settlement amount and the insured did not buy that vehicle.

This Rulemaking

The timeline for the insured’s action was inadvertently lengthened in the previous rules process from three days to thirty-five days. The latter time-frame could result in insured not acting promptly on available vehicles which end up being sold to other parties. In that scenario, the settlement amount could be quite accurate but the insured could compel a reopening of the file because of their inaction. This could lead to increased administrative costs for little benefit. It is this scenario that the OIC is addressing in this new rule-making.

Does proposal change existing rules? X YES ☐ NO

If yes, describe changes:

The time-frame in WAC 248-30-3912 (3)(b) is changed from thirty-five days to three days.

WAC 284-30-3912 What if I, as an insured, accept the settlement based on my insurer's valuation and cannot find a comparable vehicle within a reasonable distance of my vehicle's principally garaged area? (1) When you accept the settlement, your insurer must provide you with written notice regarding reopening of your claim file.

(2) If you notify your insurer within thirty-five days of receipt of the settlement that you cannot purchase a comparable vehicle for the settlement amount and you located, but did not purchase a comparable vehicle that costs more than the settlement amount, your insurer must reopen your claim file and either:

- (a) Locate a comparable vehicle that is currently available for the settlement amount;
- (b) Pay you the difference between the settlement amount and the cost of the comparable vehicle or purchase the comparable vehicle for you; or
- (c) If not previously utilized, conclude the loss settlement in the manner provided in the appraisal section of your insurance policy in force at the time of the loss.

(3) Your insurer is not required to reopen your claim file if:

(a) At the time of settlement, you were provided written notification of the availability and location of a specific and comparable vehicle that could have been purchased for the settlement amount; and

(b) You did not purchase the vehicle within ((thirty-five)) three days of the receipt of the settlement.